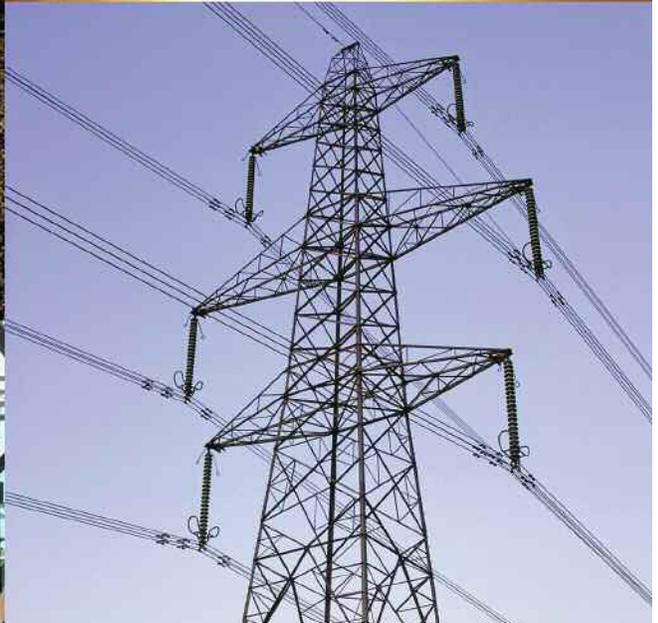




TENNESSEE PUBLIC UTILITY COMMISSION



2016 - 2017 ANNUAL REPORT

www.tn.gov/tpuc





Table of Contents

Message from the Executive Directorii

Commission Overview

- Introduction to Tennessee Public Utility Commission1
- Commission Organizational Chart and Staffing Levels2
- Commission Leadership3
- Our Mission6
- Utilities under the Commission’s Jurisdiction.....7

Budget Summary8

Communications and External Affairs Division9

Consumer Services Division9

Economic Analysis10

Gas Pipeline Safety Division10

Information Technology Division.....11

Legal Division11

Utilities Division12

Appendix A: TPUC Proceedings13

Appendix B: Docket Room and Commission Activity15

TENNESSEE PUBLIC UTILITY COMMISSION



502 Deaderick Street, 4th Floor
Nashville, Tennessee 37242-0001

February 5, 2018

The Honorable Bill Haslam
Governor, State of Tennessee

The Honorable Randy McNally
Lieutenant Governor

The Honorable Beth Harwell
Speaker of the House of Representatives

Members of the General Assembly,

It is with great pleasure that I present to you the 2016-2017 Annual Report of the Tennessee Public Utility Commission. This report has been prepared in accordance with Tennessee Code Annotated § 65-1-111.

The Commission continues to have jurisdiction over Tennessee's investor-owned utility companies including electric, telephone, water and wastewater, natural and methane gas. Further, the TPUC serves as the agency that performs the safety inspections of natural gas pipelines that travel across the state and mediates consumer complaints against utility service providers.

Through our numerous consumer outreach efforts, the TPUC continues to provide Tennessee citizens with information that can enhance their daily lives and provide protection and relief from unwanted telephone solicitations and fraudulent activities. Among the Commission's more popular programs are the Tennessee Do Not Call program and the Telecommunications Device Access Program (TDAP). In addition, through our various public and private partnerships across the state, the TPUC continues to promote awareness of the Lifeline telephone assistance program to promote universal access to telephone service.

We remain focused on the work that we have been entrusted to perform, as well as the role we play in protecting Tennessee consumers and maintaining an environment that is vigorously competitive. To the members of the Tennessee General Assembly, we look forward to working with you in continued service to the citizens of the Volunteer State.

Warmest Regards,

Earl R. Taylor,
Executive Director

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Commission Overview

The Tennessee Public Utility Commission, formerly the Tennessee Regulatory Authority, is the governing body to regulate investor owned public utilities in Tennessee. The Commission's mission is to promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

The Commission has jurisdiction over public utilities including:

- ◆ Electric companies
- ◆ Telephone companies
- ◆ Water and wastewater companies
- ◆ Natural gas companies

The Commission is financially independent of Tennessee's general fund. The Commission's operational expenses are covered wholly by the industries it regulates, with a small portion coming from the federal government.

Commission staff includes accountants, administrators, attorneys, consumer specialists, economists, engineers, information technology specialists, a consumer outreach manager, and administrative support.

Earl R. Taylor was appointed Executive Director of the Tennessee Public Utility Commission in 2012 by Governor Bill Haslam, Lieutenant Governor Ron Ramsey and House Speaker Beth Harwell and reappointed by the commissioners in 2015 to a three year term.

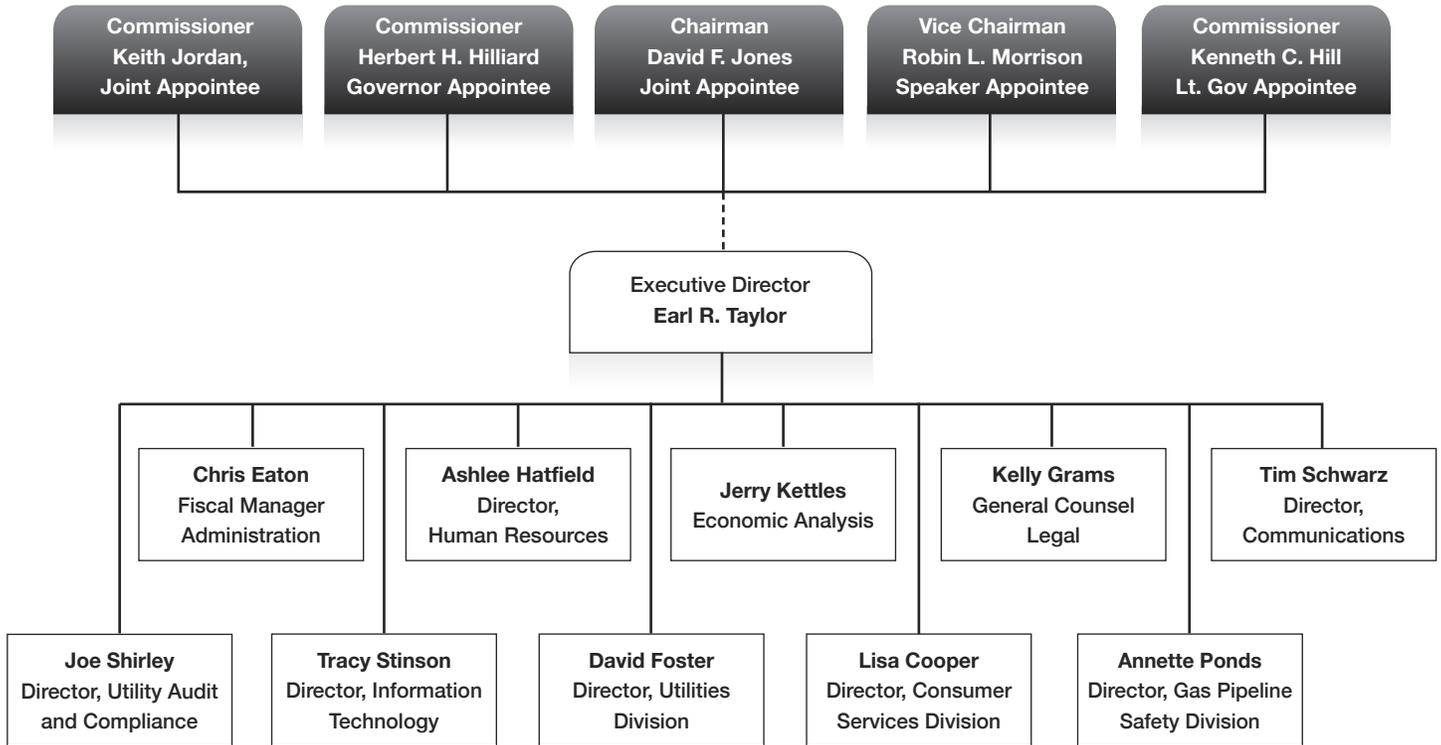
The Executive Director has the principal responsibility of implementing the broad strategies, goals, objectives, long-range plans and policies of the Commission. Among the executive director's duties, which are not limited to, the following list, are:

- ◆ Serve as chief operating officer of the Commission responsible for the day to day management of the Commission and the supervision and hiring of all staff members within the limits of available funds authorized from time to time by the legislature
- ◆ Administer, monitor and review the operating procedures of each division of the Commission, ensuring that each employee and division of the Commission fully executes in an efficient and economical manner, the separate duties assigned to each
- ◆ Submit rules and policies for approval by the Commission
- ◆ Implement and administer rules and policies for the efficient and economical internal management of the Commission
- ◆ Coordinate the preparation of the report to the General Assembly as required by Tennessee Code Annotated Section 65-1-111
- ◆ Supervise the expenditure of funds and compliance with all applicable provisions of state and federal law in the receipt and disbursement of funds

In addition, the agency has five Commissioners, each of whom serve on a part-time basis. Two commissioners are joint appointees selected by the Governor, Lieutenant Governor, and Speaker of the House (Commissioner David F. Jones and Commissioner Keith Jordan). The other three commissioners are appointees of either the Governor (Commissioner Herbert H. Hilliard), Lieutenant Governor (Commissioner Kenneth C. Hill), and Speaker of the House (Commissioner Robin L. Morrison).



Tennessee Public Utility Commission Organization Chart and Staffing Levels



As of June 30, 2017, the TPUC was budgeted for 66 Positions

As of 6/30/17

TPUC Division	Total Positions	Filled	Vacancies
Directors	5	5	0
Executive Director	1	1	0
Administrative Staff	9	8	1
Communications and External Affairs	3	3	0
Consumer Services	19	13	6
Gas Pipeline Safety	9	9	0
Information Technology	2	1	1
Legal	8	7	1
Utilities	10	7	3
Total Positions	66	54	12



Commission Leadership



**Earl R. Taylor,
Executive Director**

Earl R. Taylor was appointed to the Tennessee Public Utility Commission as Executive Director in 2012 by Governor Bill Haslam, House Speaker Beth Harwell, and Lt. Governor Ron Ramsey.

Taylor received a Bachelor of Science degree from the University of Tennessee at Knoxville and a Juris Doctor from the University of Memphis School of Law. He began his career as an attorney in his hometown of Johnson City.

Later professional endeavors included the development of WKXT-TV, the CBS Television affiliate in Knoxville, and the subsequent launch of the Warner Brothers affiliate in the same market. Most recently, Taylor has been a franchisee of Panera Bread, developing bakery-cafes in Florida, Texas, and Louisiana.

Actively engaged in his community, he has served as a mentor in the Knoxville Fellows program, as a commissioner for the Metropolitan Knoxville Airport Authority, and on the Knoxville Young Life Committee. As Executive Director of the TPUC, he functions as the Commission's Chief Operating Officer, responsible for the agency's administrative duties and responsibilities. Mr. Taylor is married to Sheryl Dawson Taylor. They have four children and nine grandchildren.



**David F. Jones,
Chairman**

Chairman Jones was appointed to the TPUC by Governor Bill Haslam, Lt. Governor Ron Ramsey, and House Speaker Beth Harwell in 2013.

Chairman Jones is CEO and President of Complete Holdings

Group, a workers' compensation revenue solutions company to more than 600 hospitals across thirty-six states. He is a certified facilitator/executive coach to CEOs and owners of private businesses. He is also President of the David Jones Group, a management consulting firm that focuses on helping small businesses overcome the four barriers to growth. Chairman Jones spent twenty-nine years in the natural gas pipeline industry. The first half of his corporate career was with a Fortune 500 energy company, where he worked as an executive in a variety of areas, including Field Operations and Human Resources. He has been at Complete Holdings Group since 2009, and he serves on a number of boards including the Tennessee Center for Performance Excellence.

Chairman Jones obtained a B.S. in Business from the University of Tennessee and an MBA from the University of Houston. He is the author of the book *Surviving and Thriving After Losing Your Job*.



Commission Leadership (cont.)



Robin L. Morrison, Vice Chairman

Robin L. Morrison was appointed to the TPUC by House Speaker Beth Harwell in 2013 and reappointed in 2015. Ms. Morrison currently serves as a Vice President and financial center manager for one of the South's largest banks, First

Tennessee, and brings to the TPUC broad experience in customer relations, business management, and federal and regulatory compliance.

A graduate of the University of Tennessee at Chattanooga with a bachelor's degree in business administration-finance, Ms. Morrison possesses a comprehensive background in banking and finance and has obtained her Series 6/63 financial licenses to sell securities, as well as being licensed to sell life and health insurance.

In addition, Ms. Morrison is a graduate of both the Southeastern School of Banking and of Leadership Chattanooga. She is active in leadership roles in her community, having served on the boards of the South Broad Redevelopment Group, Junior League of Chattanooga, and the Chattanooga Chamber of Commerce's Southside Council. She is also a member of the Chattanooga Women's Leadership Institute.



Dr. Kenneth C. Hill, Commissioner

Dr. Kenneth C. Hill, a native of Morrison City (North Kingsport), was appointed to the Tennessee Public Utility Commission by Lt. Governor Ron Ramsey in 2009 and reappointed in 2016.

Since his appointment, Dr. Hill has served as Chairman of the

Tennessee Public Utility Commission and is currently active with the National Association of Regulatory Utility Commissioners (NARUC) and the Southeastern Association of Regulatory Utility Commissioners (SEARUC). He is a member of the NARUC Committee on Water, the NARUC Committee on International Relations, and the NARUC Subcommittee on Clean Coal and Carbon Sequestration.

At present, he is also a member of the International Confederation of Energy Regulators (ICER), a member of the ICER Working Group for Small Energy Consumers, and a mentor in the ICER Women In Energy Mentoring Program.

Dr. Hill has been a presenter at the NARUC and SEARUC annual meetings. He has also been a presenter and participant at the National Association of Water Companies (NAWC) Water Summit, the NAWC Commissioners' Forum, and the Emerging Issues Policy Forum (EIPF) (Energy) multiple times.

Additionally, he has been a panelist at the NAWC Southeastern Chapter Conference, as well as at the United States' Department of Energy Industrial Energy Efficiency Conference in Little Rock, Ark.

During his tenure with the TPUC, he has also served as a member of the Tennessee State Information Systems Council, member of the Board of the Organization of PJM States, Inc. (OPSI), member of the Eastern Interconnection States Planning Council (EISPC), delegate to the 5th and 6th World Forum on Energy Regulation (WFERV), and a Tennessee Team Member of the National Governors' Association Policy Academy on Enhancing Industry through Energy Efficiency and Combined Heat and Power.

Dr. Hill has been active in communications and broadcasting all of his adult life, having been involved for more than four decades in virtually every aspect of radio. For the past thirty-six years, Dr. Hill has been President and CEO of the nonprofit Appalachian Educational Communication Corporation (AECC) in Bristol, Tenn. AECC is the licensee of WHCB 91.5 FM. Dr. Hill has also provided consulting services for the past thirty-six years in the areas of technical writing and editing, public relations, proposal writing and editing, independent R&D documentation, government relations, corporate and business communication, media acquisition, media appraisal, and media utilization.

He earned his Bachelor of Science degree in Speech (Broadcasting) and History from East Tennessee State University; a Master of Science degree in Speech (Broadcasting) from Indiana State University; a Bachelor of Arts degree in Biblical Studies from Baptist Christian College; a Master of Religious Education from Manahath School of Theology; and a Doctor of Religious Education from Andersonville Baptist Seminary. Dr. Hill and his wife, Janet, reside in Blountville. They have one daughter, Lydia, who serves as a nurse, and two sons: Matthew, who serves as the 7th District Tennessee State Representative, and Timothy, who serves as the 3rd District Tennessee State Representative.



Commission Leadership (cont.)



**Herbert H. Hilliard,
Commissioner**

Commissioner Hilliard was appointed to the Tennessee Public Utility Commission in 2012 by Governor Bill Haslam and reappointed in 2017.

Commissioner Hilliard served as Executive Vice President and

Chief Government Relations Officer for First Horizon National Corporation. In this role, he was responsible for the corporation's lobbying activities at the federal and state levels. He is a forty-three-year veteran of the company, having joined First Horizon in 1969 after earning a BBA in Personnel Administration and Industrial Relations from the University of Memphis. Prior to his current role, he was Executive Vice President and Chief Risk Officer. Commissioner Hilliard retired from First Horizon National Corporation on September 26, 2012.

Commissioner Hilliard is active in the community, currently serving as Chairman of the Board of Directors of The National Civil Rights Museum, and he is a Board Member of BlueCross BlueShield of Tennessee.

He was Chairman of the Memphis Housing Authority Board from 1992–1993, Chairman of the United Way General Fund Drive in 1987, and Chairman of the Annual NAACP Freedom Fund Dinner in 1988. He is a past member of the Memphis Park Commission, the University of Memphis National Alumni Board, the University of Memphis Foundation Board, and the Boards of Directors for the Chickasaw Council of the Boy Scouts of America and the Memphis Convention and Visitors Bureau. From 2000 to 2005, he was Chairman of the Board of BlueCross BlueShield of Tennessee, and he is currently Chairman of the Audit Committee of BlueCross BlueShield of Tennessee.

Commissioner Hilliard has completed additional studies at the Southwestern Graduate School of Banking at Southern Methodist University, the Tennessee Executive Development Program at the University of Tennessee at Knoxville, Cornell University's Executive Development Program, and Crosby Quality College.



**Keith Jordan,
Commissioner**

Attorney Keith Jordan was appointed to the Tennessee Public Utility Commission in 2017 by Governor Bill Haslam, Lieutenant Governor Randy McNally, and House Speaker Beth Harwell.

Keith Jordan comes to the Tennessee Public Utility Commission with 41 years of legal experience as a litigator representing plaintiffs and defendants in federal, state, and local courts and before Tennessee's administrative agencies. A former Tennessee state senator, he was elected to two terms from 1990 to 1998, having served as Vice Chairman of the Senate Judiciary Committee for four consecutive legislative sessions of the Tennessee General Assembly. In addition, he served on the Government Operations, Transportation, and Energy and Conservation Committees in the Tennessee State Senate. He was also a member of the Tennessee Bicentennial Commission and has prior executive State service as a former Executive Director of the Tennessee Law Enforcement Planning Agency. He began his career with the State as an Assistant Attorney General. He also has experience as a prosecutor with the Davidson County Office of the District Attorney General.

Commissioner Jordan is a graduate of Dartmouth College and received his Juris Doctor from Vanderbilt University School of Law. A resident of Franklin, Tennessee, he is married to Judy Henley Jordan, and together they have three married children and six grandchildren.



Our Mission

To promote the public interest by balancing the interests of utility consumers and providers while facilitating the transition to a more competitive environment.

The Commission's mission is fulfilled through three major operational components: consumer assistance and regulatory oversight of utility operations, market conditions and public safety of underground utilities.

Consumer Assistance Component

In alignment with its consumer assistance component, the Commission offers an efficient forum for the filing, investigation, and hearing of consumer complaints against regulated utilities. The Commission also engages in consumer outreach activities in an effort to educate consumers on its services and the regulated utilities. The Commission manages consumer-friendly programs developed by the General Assembly, such as the Do Not Call Program, the Do Not Fax Program, the Telecommunications Device Access Program (TDAP), and the LifeLine telephone assistance program.

Regulatory Oversight Component

The Commission operates as Tennessee's regulatory oversight engine for privately-owned utilities serving Tennessee consumers. The Commission provides an accessible and efficient process that is fair and unbiased. Through this process, the Commission evaluates many items, including requests for rate modifications, applications for authority to provide service, requests for approval of financing transactions, requests for approval of mergers, petitions for transfer of authority to provide service, numbering appeals, requests for numbering allocations, requests for rule modifications, petitions for approval of interconnection agreements and utility-to-utility complaints. The Commission also monitors utility markets to evaluate current trends and determine the need for future action.

Underground Utility Damage Prevention

As delegated by the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration, the Commission ensures the safety of natural gas distribution and transmission pipeline facilities in the state.

The Commission seeks to ensure the protection of the state's underground utility infrastructure. As such, the Underground Utility Damage Prevention Act, signed into law in 2015 is designed to prevent harm to people, property, and underground utility facilities. The provisions of the Act are codified in Tenn. Code Ann. § 65-31-101 et al., and the Commission's role is to assist the Underground Utility Damage Enforcement Board by providing administrative and investigative support on matters related to underground utilities.



Utilities Under the Commission's Jurisdiction

The following are the number of utilities under the jurisdiction of the Tennessee Public Utility Commission as of June 30, 2017.

Energy and Water

Electric	4
Natural Gas Companies	7
Water & Waste Water	20
Methane Gas Provider	2

Telecommunications

Competing Telephone Service Providers	125
Customer Owned-Coin Operated Telephone Providers	67
Incumbent Telephone Companies	26
Resellers and Operators Service Providers, Long Distance Facility Providers	210

Gas Pipeline Safety

Intrastate Pipeline	18
Liquefied Natural Gas (LNG) Operators	2
Master Meters	25
Municipalities	70
Utility Districts	24
Private Utilities	6

Total Public Utilities	606
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Budget Summary

Appropriations, Fees, and Expenditures

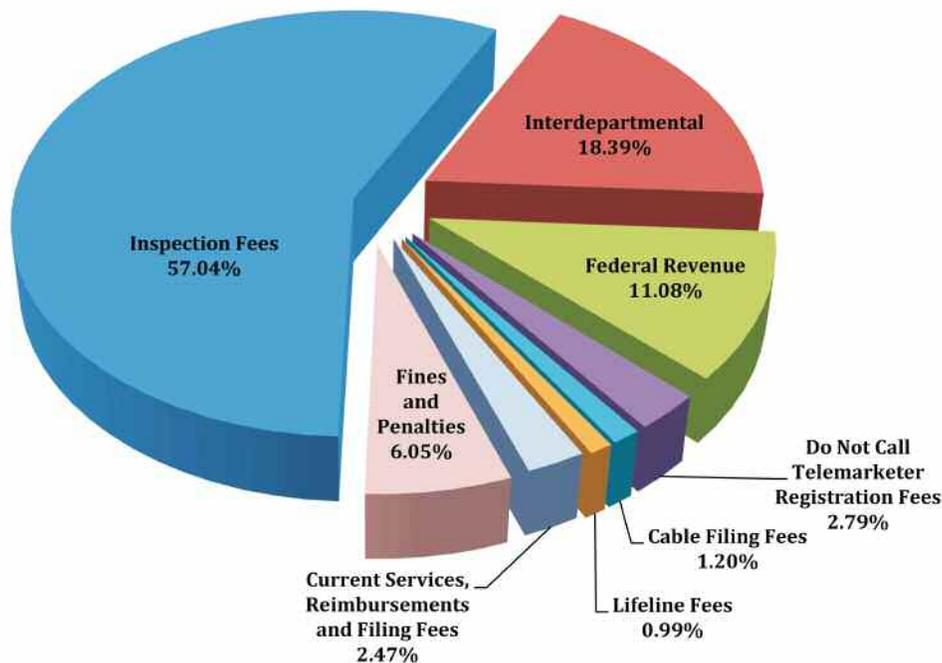
The Tennessee Public Utility Commission (TPUC) budget for fiscal year 2016-17 (FY16-17) was \$8,975,700. Actual expenditures by the agency during the fiscal year totaled \$7,253,900. This represented a total savings of \$1,721,800 (19.2%) from budgeted expenditures.

Total revenues collected by the TPUC during FY16-17 were \$8,853,900. The majority of the revenue was derived from utility inspection fees paid by the public utilities regulated by the Commission. Total inspection fee revenue collected during FY16-17 was \$5,050,100. In addition to inspection fee revenue, the TPUC received \$1,628,000 in interdepartmental revenue related to the TDAP/Relay program, \$981,000 in federal revenue, \$247,300 in registration fees from telemarketers for the “Do Not Call” program, \$535,600 in fines and penalties, \$106,300 in annual fees from certain cable companies, \$5,200 in filing fees, and \$300,400 in current services revenue of which \$87,300 is attributable to lifeline verification fees and \$211,700 is attributable to reimbursements related to the Underground Utilities Damage Enforcement Board. The balance of current services revenue was collected for items such as payment for copies.

All TPUC revenues, except for revenue received from contributions for TDAP and penalties levied by the Underground Utilities Damage Enforcement Board, are earmarked for the Public Utilities Account and are to be used to defray the cost of operations by the TPUC. Should revenues in future fiscal years not be sufficient to cover the costs of the TPUC for a given fiscal year, the deficit would be funded by the Public Utilities Reserve Account. As of June 30, 2017, the Public Utilities Reserve Account balance was \$6,137,000. The TDAP Program revenue is specifically earmarked for the purchase of TDAP equipment for the qualifying disabled citizens of Tennessee and the administration of the program. The TDAP Reserve Account had a balance of \$679,700 as of June 30, 2017.

The TPUC also funds the majority of the administrative costs of the Office of State Assessed Properties which is part of the office of the Tennessee Comptroller of the Treasury. For FY16-17, the TPUC’s total inspection fee revenue of \$5,050,100 was reduced by \$436,200 for its share of the subsidization of the cost of the Office of State Assessed Properties.

TPUC FY 16-17 Revenues



The FY16-17 actual inspection fee revenue received by the TPUC was \$5,050,100. However, this amount was reduced by \$436,200 by the Comptroller's Office for the amount charged to TPUC for its share of the cost of the Office of State Assessed Properties.



Consumer Services Division

Lisa Cooper, Director

Stacy Balthrop, Deputy Director

Mission

To ensure consumers receive an adequate level of service from regulated companies and to educate consumers regarding changes and new programs in the regulated utility sector. This mission is accomplished through monitoring services utilities provide using quality of service reports and tests, initiating investigations, and mediating consumer-utility disputes resulting from consumer complaints.

Duties include:

The Consumer Services Division (“CSD”) is responsible for monitoring the quality of services provided by regulated utilities and enforcing the rules and regulations of the Commission. One aspect of this responsibility is to investigate and mediate consumer complaints filed against regulated utilities pursuant to T.C.A. §§ 65-4-119, 65-4-401 et seq., and 65-4-501 et seq.

The CSD also performs other functions such as: administering the Do Not Call telemarketing initiative through the registration of telemarketing companies and maintaining the Do Not Call Register; administering the Do Not Fax Program which is designed to prevent unsolicited faxes; and certifying the Lifeline Telephone Assistance Program candidates based on income and qualified public assistance.

The CSD administers the Telecommunication Devices Access Program (“TDAP”), which is designed to improve access to the telephone network by distributing equipment to assist individuals with disabilities. Additionally, the CSD monitors the operation of the Captioned Telephone and Tennessee Relay Center for individuals with a hearing loss or speech disability.

The CSD provides recommendations in enforcement actions involving utilities and telemarketing solicitors not in compliance with state law or the rules and regulations of the Commission.

Major Activities

- Received 460 consumer complaints filed against utility companies
- Distributed 645 TDAP devices to Tennessee residents qualifying for assistive communications devices
- Administered the Lifeline Telecommunications Assistance
- The Tennessee Relay Service call center processed approximately 133,720 calls during the fiscal year 2017.

Administratively reviewed the reported operational practices of the Tennessee Relay Center to ensure that it is complying with the Commission’s rules and regulations.

- Received 213 Underground Utility Damage Prevention complaints.

The CapTel Service is designed to assist individuals who are late deafened or hard of hearing to make and receive telecommunications calls with a captioning feature offered by this service. The CapTel Service processed approximately 130,231 calls during the fiscal year 2017.

- Administratively reviewed the reported operational practices of the Tennessee CapTel Service to ensure that it is complying with the Commission's rules and regulations.

At the end of fiscal period 2017, 5,150,046 Tennesseans registered with the “Do Not Call” program and 249 active telemarketers had registered as solicitors. The TPUC received 1199 “Do Not Call” telemarketing complaints by consumers against telemarketing companies during the fiscal year 2017 the TPUC also received 26 fax complaints from consumers involving unsolicited facsimiles during the fiscal year 2017.

Communications & External Affairs Division

Tim Schwarz, Director

Mission

The mission of the Communications and External Affairs Division is to advance and support the Tennessee Public Utility Commission’s larger role of promoting the public interest through consumer outreach & education, external & internal communications, legislative and policy initiatives and Title VI compliance.

The duties of the Division include responding to media inquiries on matters related to the Commission’s regulatory jurisdiction and providing timely responses to requests for information from media outlets, utility regulatory trade publications and other utility industry organizations. In addition, the Division prepares and provides communications counsel to staff in handling media interviews.

Moreover, the Division writes and issues press releases on the Commission’s regulatory actions, manages its social media pages, and oversees the agency’s special reports, including its Annual Report to the Tennessee General Assembly, its Title VI Report to

continued on next page



the Tennessee Human Rights Commission and Affirmative Action report to the Tennessee Division of Human Resources. The Division ensures that compliance is maintained for the agency's forms and documents and engages in consumer outreach to inform the general public of the Commission's programs and services. The Legislative and Policy activities of the Division are predicated on the principle of protecting the agency's interests and priorities at the state legislature. There are number of ways which include, but are not limited to, assisting the agency in framing policy; drafting legislation and amendments; representing the agency as an advocate, in support of or against legislation.

Economic Analysis

Jerry Kettles, Director

Mission

The primary function of the TPUC's Economist (TE) is to conduct research and formulate recommendations on economic and policy matters pending before the Commission.

The TE is responsible for crafting recommendations concerning cost of capital and the return on equity in rate case proceeding. The TE provides analytic support to other groups within the TPUC on a diverse range of topics including financial derivatives used in the natural gas industry, implementation of orders issued by the Federal Communications Commission and interpretation of statistical analysis. The TE identifies and analyzes market trends that may impact regulation or consumers in natural gas electric, water, wastewater, and telecommunications markets. The TE also has responsibility for analysis of mergers, acquisitions and the issuance of financial instruments by public utilities. The TE often coordinates agency staff in rule making actions initiated by the agency. The TE also produces several reports for the agency and completes special projects as requested by the Executive Director and Commissioners.

Gas Pipeline Safety Division

Annette S. Ponds, P.E., Director

Mission

The mission of the TPUC's Gas Pipeline Safety Division (GPSD) is to contribute to the safety and reliability of natural gas distribution and transmission pipeline facilities and to minimize the risk to public health and safety associated with the accidental release of natural gas.

Chapter 601, Title 49 of the United States Code provides the statutory basis for the pipeline safety program. Chapter 601 establishes a framework for promoting pipeline safety through Federal delegation to the States for all or part of the responsibility for intrastate pipeline facilities under annual certification or agreement. Chapter 601 authorizes Federal grants-in-aid of up to 80 percent of a State agency's personnel, equipment, and activity costs for its pipeline safety program.

The State of Tennessee enters into a certification agreement each year with the Secretary of the Department of Transportation and accepts the responsibility for regulation of intrastate natural gas pipeline facilities. The program is administered by the DOT Pipeline and Hazardous Materials Safety Administration (PHMSA) and the TPUC is the regulating state agency. The GPSD enforces safety regulations in accordance with the Tennessee Code Annotated ("Tenn. Code Ann.") § 65-2-102, the Tennessee Comprehensive Rules and Regulations ("Tenn. Comp. R. & Regs.") 1220-4-5 and Title 49 of the Code of Federal Regulations ("CFR") Chapter 1, Subchapter D, Parts 191, 192, 193, 195 and 199, as incorporated in the Tennessee rules by reference.

Natural gas is transported statewide through approximately 40,000 miles of distribution and transmission lines that provide service to over 1,356,000 customers. Distribution operators range in size from 8 to 307,000 customers and include 5 private companies, 71 municipalities, 24 utility districts, 2 liquefied natural gas plants and storage facilities, 9 apartment complexes, and 17 housing authorities. There are 18 jurisdictional intrastate transmission lines.

All natural gas operators are required by code to maintain records, compile reports, update operation and maintenance plans, and promptly repair hazardous leaks. The GPSD inspected a total of 163 natural gas operational units with each receiving a minimum of one onsite inspection. The GPSD has 7 inspectors who logged a total of 634 inspection days this past year.



Information Technology Division

Tracy Stinson, Director

Mission

The mission of the Information Technology Division (IT) is to provide, support, and protect hardware and software computer systems used by the staff of the Tennessee Public Utility Commission. The Division strives to meet the professional needs of its own staff members through training, team building, challenging work, recognition and personal and professional growth.

The division consists of an IT Chief and an Executive Assistant.

Duties of the Information Technology Division:

- ◆ Develop the Information Systems three year plan
- ◆ Develop and maintain the Commission LAN
- ◆ Procure and maintain Commission desktop computer systems
- ◆ Develop new software systems
- ◆ Monitor software license needs
- ◆ Enforce state network acceptable usage policy
- ◆ Provide information resource training to Commission staff and IT staff
- ◆ Develop and administer Commission databases
- ◆ Oversee computer hardware inventory management
- ◆ Provide technical support and training to Commission staff
- ◆ Provide technical advice to Commission leadership

Legal Division

Kelly Cashman-Grams, General Counsel

Mission

To provide the Commission with sound and timely legal advice, effective counsel in the deliberative process, and zealous representation, before state and federal agencies and reviewing courts.

It is the responsibility of the Legal Division to provide in-house counsel to the Commissioners and staff of the Tennessee Public Utility Commission (Commission). Attorneys from the Division also represent the Commission and the Commissioners in their official capacities before the Chancery Courts, Tennessee Court of Appeals, Tennessee Supreme Court and in the Federal Courts. The Legal Division represents the Commission before the Federal Communications Commission and the Federal Energy Regulatory Commission. In addition, since the passage of the Underground Utility Damage Prevention Act in 2015, the Legal Division provides administrative support and counsel for the staff of Consumer Services Division in their investigative functions and, to the Underground Utility Damage Enforcement Board and Executive Committee (Board).

Attorneys in the Division often serve as Hearing Officers in contested cases and prosecutors in enforcement actions before the Commission and Board. The attorneys provide legal advice and analysis to other divisions within the Commission and may represent staff designated as parties in Commission and Board proceedings. The Legal Division reviews bonds and letters of credit submitted by regulated companies. The attorneys also participate in the drafting of rules to be promulgated by the Commission. Members of the Legal Division prepare orders reflecting actions of the Commissioners in specific cases.

During the past fiscal year, 158 dockets were opened or required action by the Commission. Attorneys in the Legal Division provided continuing research, advisory memoranda, and counsel to the Commissioners and staff in most of these dockets. The Legal Division also prepared 154 orders reflecting action by the Commission in active dockets including audits, tariff matters, contested cases, mergers, debt issuances, transfers of authority, approvals and revocations of certificates of public convenience and necessity, franchise and special contract approvals and show cause actions. The Legal Division also drafted 54 notices of approval of interconnection agreements.



Utilities Division

David Foster, Director

Mission

To provide the Commissioners of the TPUC with detailed technical and financial analyses to aid the Commissioners in making informed decision on issues related to the establishment of just and reasonable rates for public utilities, audits results, new certificates of service and telecommunications issues related to the continued development of competitive markets.

The division is comprised of eight full-time and two-part-time employees with diversified experience and background. The Staff's credentials and background consist mainly of Certified Public Accountants along with an engineer. The Staff has over 200 years of combined experience in the utility industry.

The division is responsible for analyzing all utility petitions relating to rate changes for investor owned electric, gas, telecommunications, water and wastewater service utilities operating within the state. Of note, the Commission regulates rates for approximately 380,000 residential, commercial and industrial customers receiving natural gas service in Tennessee (primarily Chattanooga and the metro Nashville area), 47,000 electric customers in the Kingsport, and 73,000 water customers in Chattanooga, while maintaining regulatory oversight over approximately 150 individual water and wastewater systems.

The financial analysis focuses on establishing a reasonable return the utility can earn on its investment as well establishing a reasonable amount of prudent expenses to be recovered. The division also develops and recommends rate designs for customer classes, e.g., residential, commercial and industrial. Each utility segment also has unique characteristics and distinctive federal and state mandates for review.

The division works closely together with smaller utilities, especially water and wastewater, in order ensure their viability, both financially and from a quality of service standpoint. The larger utilities (e.g., Piedmont Natural Gas, Atmos Energy, Chattanooga Gas, Tennessee American Water and Kingsport Power) are continually monitored from a financial/rate standpoint. The division also conducts a series of annual audits on utilities regarding their financial status and for compliance with TPUC rules and applicable state and federal laws, orders and tariffs.



Appendix A

TPUC proceedings for the 2016-2017 fiscal year included:

- Audit of Piedmont Natural Gas Company's Weather Normalization Adjustment for the Period October 1, 2016 to April 30, 2017 (Docket No. 17-00064)
- Audit of Atmos Energy Corporation's Weather Normalization Adjustment for the Period October 1, 2016 to April 30, 2017 (Docket No. 17-00063)
- Audit of Chattanooga Gas Company's Weather Normalization Adjustment for the Period November 1, 2016 to April 30, 2017 (Docket No. 17-00062)
- Petition of Cartwright Creek, LLC for Approval to Use Escrowed Funds (Docket No. 17-00061)
- Petition of Teleport Communications of America, LLC – Tennessee for Review of Central Office Code Denial (Docket No. 17-00060)
- Petition of Volunteer First Services, Inc. for a Numbering Waiver to Obtain a Block of Numbers from the Pooling Administrator (Docket No. 17-00055)
- Petition of Tri-County Fiber Communications, LLC for a CCN to Provide Competing Local Telecommunications Services in Tennessee (Docket No. 17-00053)
- Petition of Tennessee Wastewater Systems, Inc. For Approval of Financing Arrangement (Docket No. 17-00042)
- Petition for Approval of Velocity the Greatest Phone Company Ever, Inc. For Authority to Provide Resell Telecommunications Service in Tennessee (Docket No. 17-00040)
- Petition of Integrated Resource Management, Inc. for Alternative Financial Security (Docket No. 17-00036)
- Petition of Cartwright Creek, LLC to Utilize Alternative Financial Security (Docket no. 17-00035)
- Petition of Tennessee Wastewater Systems, Inc. To Post Alternative Financial Security (Docket No. 17-00034)
- Petition of King's Chapel Capacity, LLC to Post Alternative Financial Security (Docket No. 17-00033)
- Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of its Targeted Reliability Plan, and its TRP & MS Rider, an Alternative Rate Mechanism (Docket No. 17-00032)
- Joint Petition of Contact Ministries, Inc. and Contact-Concern of Northeast Tennessee, Inc. to Transfer its N11 Number (Abbreviated Dialing Code) (Docket No. 17-00028)
- ACA filing for the Navitas TN NG, LLC Jellico and Byrdstown Systems (Docket No. 17-00027)
- In re: Application of Tennessee Independent Telecommunications Group, LLC d/b/a Iris Networks to Expand its Certificate of Convenience and Necessity to Operate Statewide as a Competitive Local Exchange Carrier Providing a Full Array of Intrastate Telecommunications Services (Docket No. 17-00022)
- Petition of Integra Water Tennessee, LLC for a Certificate of Public Convenience and Necessity and Authority to Charge Rates in Hardeman Springs Subdivision Located in Williamson County, Tennessee (Docket No. 17-00017)
- Petition of Atmos Energy Corporation for Approval of Negotiated Franchise Agreement with the City of Murfreesboro, Tennessee (Docket No. 17-00016)
- Petition of Integra Water Tennessee, LLC for a CCN and Authority to Charge Rates in Casey Cove Subdivision located in Dekalb County, Tennessee (Docket No. 17-00014)
- Complaint of Milcrofton Utility District Against John Powell and/or King's Chapel Capacity, LLC (Docket No. 17-00013)
- Petition of Atmos Energy Corporation for Approval of Its 2017 Annual Rate Review Filing pursuant to Tenn. Code Ann. § 65-5-103(d)(6) (Docket No. 17-00012)
- Application of United Communications, Inc. For CCN to Provide Competing Local Telecommunications Services in Tennessee (Docket No. 17-00007)
- AT&T Tennessee Declaration of Force Majeure Event (Docket No. 16-00141)
- Petition of Tennessee American Water Company Regarding the Production Costs and Other Pass-Through its Rider (Docket No. 16-00148)
- Petition of Piedmont Natural Gas Company, Inc. For Approval of an Integrity Management Rider to its Approved Rate Schedules and Service Regulations (Docket No. 13-00118)
- Petition of Piedmont Natural Gas Company for Approval of an Integrity Management Rider to its Approved Rate Schedules and Service Regulations (Docket No. 16-00140)
- Petition of Tennessee Wastewater Systems, Inc. for Approval of Adjustment of its Rates and New Tariff (Docket No. 16-00139)
- Joint Petition of Cartwright Creek, LLC and TRA Staff (as a Party) to Increase Rates and Charges (Docket No. 16-00127)
- Petition of Tennessee American Water Company Regarding the 2016 Investment and Related Expenses Under the Qualified Infrastructure Investment Program Rider, the Economic Development Investment Rider and the Safety and Environmental Compliance Rider (Docket No. 16-00126)
- Rulemaking to Revise TRA Wastewater Rules (Docket No. 16-00112)
- Counce Natural Gas Actual Cost Adjustment Filing for the Period 10/01/15 thru 09/30/16. (Docket No. 16-00125)
- Verified Petition of AT&T Tennessee for an Order Confirming Relinquishment of Its Eligible Telecommunications Carrier Designation in Specified Areas (Docket No. 16-00123)
- Petition of Kentucky Utilities Company for an Order Amending and Extending Existing Authority with Respect to Revolving Line of Credit (Docket No. 16-00119)
- Application of Kingsport Power d/b/a AEP Appalachian Power Company for Approval of a Long-Term Indebtedness Program Through December 31, 2018 (Docket No. 16-00117)
- Atmos Energy Corporation Performance Based Ratemaking Plan Report (Docket No. 17-00044)
- Show Cause Proceeding Against Kings Chapel, LLC for Violation of Tenn. Code Ann. §§65-4-301 et. seq. for Failing to File an Annual Report and Nonpayment of Inspection Fees (Docket No. 16-00115)
- Rulemaking to Revise TRA Water Rules 1200-04-03-.03-06(3) (Docket No. 16-00113)
- Application of Monster Broadband, Inc. for a Certificate to Provide Competing Local Telecommunications Services (Docket No. 17-00065)
- Atmos Energy Corporation Tennessee and Union City, Tennessee 2015-2016 ACA Filing. (Docket No. 16-00109)
- Petition of Atmos Energy Corporation for Approval of a Franchise Agreement with Town of Nolensville, Tennessee (Docket No. 16-00108)



- Petition of Atmos Energy Corporation for Approval of Franchise Agreement with Town of Thompson's Station, Tennessee (Docket No. 16-00107)
- Petition of Atmos Energy for Approval of 2016 Annual Reconciliation Filing (Docket No. 16-00105)
- Piedmont Natural Gas Company, Inc. Actual Cost Adjustment Account Filing for the Period July 1, 2015 - June 30, 2016 (Docket No. 16-00103)
- Joint Petition of Madison Dearborn Capital Partners VII-A, L.P., Madison Dearborn Capital Partners VII-C, L.P., and Madison Dearborn Capital Partners VII Executive-A, L.P. (collectively, "MDP"), Oak Hill Capital Partners III, L.P., and Oak Hill Capital Management Partners III, L.P. (together, "Oak Hill"), and Accessline Communications Corporation, an Indirect Subsidiary of Oak Hill ("Accessline," and, Together with Oak Hill and MDP, the "Petitioners") for Such Approval as May Be Required to Transfer Control of Accessline to MDP, and for the Petitioners to Participate in Certain Financing Arrangements (Docket No. 16-00114)
- Piedmont Natural Gas Company, Inc., Performance Incentive Plan Report for the Period July 1, 2015 - June 30, 2016 (Docket No. 16-00101)
- Petition of Tennessee Wastewater Systems, Inc. for Approval of Financing Arrangement (Docket No. 16-00100)
- Chattanooga Gas Company's ACA Filing for the Year Ending June 30, 2016 (Docket No. 16-00099)
- Chattanooga Gas Company Annual Incentive Plan Filing for the Twelve Months ended June 30, 2016 (Docket No. 16-00098)
- Joint Petition of Cartwright Creek, LLC. and Arrington National Development, LLC for Approval of Special Contract (Docket No. 16-00097)
- Petition of Tennessee Wastewater Systems, Inc. for Approval of Capital Improvement Surcharges and Financing Arrangements for the Wastewater Systems Located at Maple Green and Cedar Hill, in Robertson County, and at Smoky Village Subdivision, in Sevier County, Tennessee (Docket No. 16-00096)
- Integrated Resource Management, Inc. Request to Utilize Alternative Financial Security Pursuant to Tenn. Comp. R & Regs. 1220-04-13-.07(5). (Docket No. 16-00086)
- Petition of Tennessee Wastewater Systems, Inc. for Approval of Special Contract with LBR, LLC (Docket No. 16-00083)
- Petition of Tennessee Wastewater Systems, Inc. for Approval of Special Contract with Signature Homes, LLC (Docket No. 16-00082)
- Petition of Global Connections Inc. of America for Designation as a Wireline Eligible Telecommunications Carrier in the State of Tennessee (Docket No. 16-00080)
- Kingsport Power Company d/b/a AEP Appalachian Power Fuel Adjustment Tariff Filing (Docket No. 16-00076)
- Petition of Skybest Communications, Inc. for a CCN to Provide Competing Local Telecommunication Services (Docket No. 16-00078)
- Petition of Old Hickory Water, LLC to Post Alternative Financial Security (Docket No. 16-00077)
- Petition for Approval of a Special Contract for Alternative Feed Service Between Kingsport Power Company d/b/a AEP Appalachian Power and Eastman Chemical Company (Docket No. 16-00075)
- Annual State Certification of Support for Eligible Telecommunications Carriers Pursuant to 47 C.F.R. 54.314 (Docket No. 16-00072)
- Joint Petition of Cumberland Basin Wastewater Systems, LLC and Integrated Resource Management, Inc. d/b/a IRM Utility, Inc. To Transfer Certificate (Docket No. 16-00069)
- Audit of Atmos Corporation's Incentive Plan Account for the Period of April 1, 2015 through March 31, 2016 (Docket No. 16-00066)
- Audit of Piedmont Natural Gas Company's Weather Normalization Adjustment for the Period October 1, 2015 to April 30, 2016 (Docket No. 16-00063)
- Audit of Atmos Energy Corporation's Weather Normalization Adjustment for the Period October 1, 2015 to April 30, 2016 (Docket No. 16-00062)
- Audit of Chattanooga Gas Company's Weather Normalization Adjustment for the Period November 1, 2015 to April 30, 2016 (Docket No. 16-00061)
- Application of Enetworks, LLC for Certificate to Provide Competing Local Telecommunications Services (Docket No. 16-00054)
- Application of Mobilitie Management LLC for a Certificate to Provide Competing Local Telecommunications Services in the State of Tennessee. (Docket No. 16-00036)
- Application of the Nexus Group, Inc. for a Certificate to Provide Competing Local Telecommunications Services (Docket No. 16-00034)
- Petition of Kingsport Power Company d/b/a AEP Appalachian Power for Approval of Franchise Agreement with the City of Kingsport, Tennessee (Docket No. 16-00033)
- Petition of DSH & Associates, LLC for Approval of Alternative Financial Security (Docket No. 16-00032)
- Petition of Aqua Green Utility Inc. to Amend its Certificate of Convenience and Necessity to Serve Loves Travel Stop & Country Store Located in McNairy County. (Docket No. 16-00030)
- Petition of Atmos Energy Corporation to Revise Performance Based Ratemaking Mechanism Tariff (Docket No. 16-00028)
- ACA filing for the Navitas TN NG, LLC Jellico and Byrdstown Systems (Docket No.16-00025)
- Petition of Tennessee American Water Company for the Reconciliation of the 2016 Capital Riders. (Docket No.16-00022)
- Petition of Tennessee Wastewater Systems, Inc., for Approval of Special Contract (Docket No. 16-00015)
- Petition of Kingsport Power Company d/b/a AEP Appalachian Power for a General Rate Case. (Docket No. 16-00001) Petition of Gateway Utility Company, Inc. for a Certificate of Public Convenience and Necessity to Provide Water Service for a Portion of Williamson County, Tennessee Known as Gateway Village (Docket No. 15-00123)
- Petition of Local Access LLC for a CCN to Provide Competing Local Telecommunications, Services (Docket No. 15-00101)
- Petition of Tennessee Wastewater Systems, Inc. for Approval of a Capital Improvement Surcharge to Summit View Resort Near Pigeon Forge, Tennessee (Docket No. 14-00136)
- Petition of Hammerland Utilities, Inc. for a Certificate of Public Convenience and Necessity to Provide Wastewater Service in Tennessee (Docket No. 14-00124)
- Petition of B&W Pipeline, LLC for an Increase in Rates (Docket No. 15-00042)

Court Proceedings

- Tennessee Regulatory Authority v. Laurel Hills Condominiums Property Owners Association, Chancery Court of Cumberland County, Tennessee, 13th Judicial District at Crossville, Case No. 2012-CH-560.
- B&W Pipeline, LLC v. Tennessee Regulatory Authority et al., Tennessee Court of Appeals, Case No. M2016-02013-COA-R12-CV; In Re Petition of B&W Pipeline, LLC for an Increase in Rates, TRA Docket No. 15-00042.



Appendix B

Docket Room and Commission Activity

Docket Activity

Type of Docket	Fiscal 2016-17
	(7/1/16 - 6/30/17)
Total	158
Arbitrations	0
Inconx/Resale Agreements	58
PGAs, Audits, CCN Amendments	12
CSD Staff Investigations	0
CCNs	6
COCOTs	1 (5 reopened)
Name Changes	2
Resellers	3 (7 reopened)
N11/Number Pooling	7
Rulemaking	2
Telecom Dockets (ETC)	2
Notice - Market Regulation	12
Cable Franchise	0
Transfers, Mergers, Financing	7
Misc.	34
Total: New or Action Required	146
Reopened	12